

EUROPEAN ECONOMY

COMMISSION OF THE EUROPEAN COMMUNITIES • DIRECTORATE-GENERAL FOR ECONOMIC AND FINANCIAL AFFAIRS

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Economic trends

Hesitant trend in output

Rise in GDP in the first quarter of 1983. — Estimates based on the quarterly national accounts for the four major Member States show that real gross domestic product in the Community rose at a seasonally adjusted annual rate (s.a.a.r.) of 1,8% in the first quarter of 1983 following an increase of 2,0% in the fourth quarter of 1982 (figures indicating the rate of growth over the previous quarter). The rise in output was largely a reflection of the development of inventories; inventory formation rose at an annual rate corresponding to 5,4% of GDP providing thus a strong boost to the overall growth of demand. Final domestic demand excluding inventory formation, on the other hand, fell slightly mainly as a consequence of a drop of 6,5% in fixed investment. Private and public consumption both rose only moderately. The sharp increase in inventory formation was also reflected in a sharp expansion of imports. Exports, however, fell somewhat and the foreign balance in volume terms showed a marked deterioration after the favourable developments in the fourth quarter of 1982.

Among the Member States, the *Federal Republic of Germany* showed a rise in GDP of 2,2% in the first quarter reflecting mainly an upturn in inventory formation while the GDP of *France* rose by 0,4% only, reflecting both a fall in domestic demand excluding inventory formation and exports. In the *United Kingdom* on the other hand, the recovery of GDP manifest since the third quarter of 1982 continued with a rise of 3,7% in the first quarter of 1983, with stockbuilding again the most dynamic element. In *Italy* total domestic demand fell by 4,2% as a result *inter alia* of a large fall in fixed investment. Exports, however, rose very fast, and GDP therefore — despite the fall in domestic demand — expanded at a rate of 1,2%.

Industrial output still stationary. — The seasonally adjusted industrial production index for the Community was 0,1% up in April on the figure for March (see Table A.1). This seems to confirm the signs that the falling trend recorded up to December 1982 has come to an end. However, the Community figure represents a combination of very different developments in the Member States. An increase of almost 1% was recorded in the *United Kingdom* (+0,9%) and *France* (+0,8%), while the rise

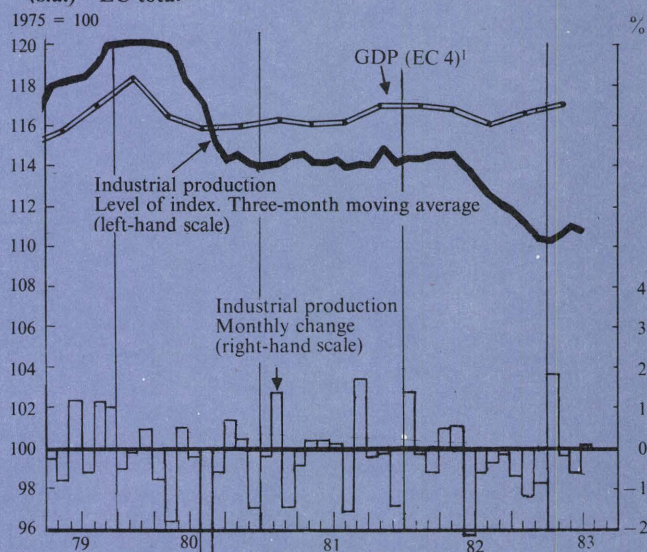
*This month:
Quarterly national accounts,
first quarter 1983;
fiscal policy in
the Member States in 1984*

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in the Netherlands was 1,9% and that in Luxembourg 9,1%. The Federal Republic of Germany recorded a fall of 1%, Denmark (–3,6%) and Italy (–5,1%) larger falls. Data for the other countries are not yet available. In relation to April 1982, Community industrial output was down by 3%.

Unemployment increases slightly. — The rate of unemployment in the Community expanded by only a tenth of a point in May, rising to 10,8%. In relation to the same period of last year, the

GRAPH 1: Industrial production and gross domestic product (s.a.) - EC total



¹ France, Germany, Italy and UK: quarterly figures

TABLE 1: Major supply and demand components at constant prices
(Percentage change on preceding period, annual rates; seasonally adjusted)

	GDP ¹	Imports ²	Exports ²	Foreign balance ^{1,2}	Domestic demand	Change in stocks ³	Final domestic demand	Gross fixed investment	Government consumption	Private consumption
EC 4										
1979 Q1	0,9	6,1	-0,3	-1,6	2,6	0,4	2,2	-5,0	1,4	5,0
Q2	6,5	19,8	14,8	-1,1	7,7	-0,9	8,8	14,6	3,6	8,5
Q3	2,6	11,6	3,3	-2,0	4,7	5,7	-1,0	7,4	0,7	-4,1
Q4	4,2	6,5	4,5	-0,5	4,7	-1,3	6,2	10,5	2,2	5,9
1980 Q1	3,5	10,5	12,4	0,4	3,1	-1,0	4,2	3,9	3,0	4,7
Q2	-5,2	-6,6	-10,4	-1,0	-4,1	-0,1	-4,1	-7,8	1,9	-4,4
Q3	-0,7	-5,9	-6,3	0,0	-0,6	-2,4	1,8	-1,6	2,6	2,8
Q4	-0,2	-2,1	0,5	0,7	-0,9	-1,3	0,4	0,0	0,3	0,5
1981 Q1	0,3	0,2	9,3	2,3	-2,0	-1,7	-0,2	-7,1	6,0	0,4
Q2	-1,4	-1,6	11,9	3,5	-4,8	-4,2	-0,7	-0,8	-3,1	0,1
Q3	0,9	11,8	11,9	0,1	0,8	-0,2	0,9	-0,6	4,0	0,5
Q4	3,2	4,0	9,5	1,5	1,7	2,6	-0,9	-4,9	-1,5	0,6
1982 Q1	0,2	7,3	-5,5	-3,5	3,9	3,3	0,5	-5,9	3,5	1,8
Q2	-0,9	1,1	-4,6	-1,6	0,8	1,0	-0,2	1,8	-0,7	-0,7
Q3	-2,5	-8,0	-7,9	0,0	-2,5	-2,3	-0,2	0,0	-0,2	-0,3
Q4	2,0	-3,8	6,7	2,9	-0,9	-2,5	1,6	-1,0	2,9	2,1
1983 Q1	1,8	9,2	-1,5	-2,8	4,8	5,4	-0,7	-6,5	0,7	0,8
Federal Republic of Germany										
1982 Q1	-3,6	21,6	0,0	-5,6	2,2	5,5	-3,5	-16,0	5,2	-1,8
Q2	-0,1	-12,5	-4,8	2,3	-2,5	-1,1	-1,3	10,3	-1,9	-5,0
Q3	-3,2	-5,2	-7,7	-1,1	-2,1	0,1	-2,3	2,6	-4,4	-3,2
Q4	-0,6	-9,8	2,3	3,8	-4,5	-4,4	0,1	-2,5	3,9	-0,2
1983 Q1	2,2	12,9	-1,1	-3,8	6,5	6,3	-0,1	-15,7	-2,5	7,0
France										
1982 Q1	0,6	-5,6	-19,6	-3,8	4,3	0,6	3,8	-0,7	1,1	5,8
Q2	3,1	15,4	-11,0	-6,1	9,7	5,3	4,3	6,9	2,2	3,9
Q3	-1,9	-7,6	9,7	4,1	-5,7	-5,5	-0,4	-3,3	1,1	0,2
Q4	3,6	1,2	14,8	3,0	0,6	-0,8	1,4	-4,6	1,1	3,4
1983 Q1	0,4	5,3	-18,6	-5,9	6,5	7,0	-0,4	3,4	2,1	-2,1
United Kingdom										
1982 Q1	2,4	0,8	-6,5	-2,2	4,5	2,8	1,7	10,7	4,3	-1,4
Q2	-4,2	14,3	7,4	-2,2	-2,0	0,3	-2,3	-13,5	-3,2	1,3
Q3	4,3	-14,7	-16,6	-0,1	4,3	-4,0	8,4	25,4	4,8	5,6
Q4	7,2	-0,6	14,2	4,1	3,0	-2,3	5,3	-2,8	4,0	8,0
1983 Q1	3,7	15,8	2,1	-3,9	7,7	7,8	0,1	4,5	4,4	-2,4
Italy										
1982 Q1	5,9	7,2	4,0	-0,5	6,7	n.a.	n.a.	-6,7	n.a.	n.a.
Q2	-5,6	-2,6	-7,8	-1,5	-4,4			-9,1		
Q3	-8,7	-5,9	-20,1	-4,1	-4,9			-18,8		
Q4	-0,7	-1,5	-1,7	-0,1	-0,7			12,1		
1983 Q1	1,2	0,0	24,3	5,5	-4,2			-13,8		

¹ FR of Germany: GNP.

² Goods and services; including intra-Community trade; FR of Germany: including factor incomes.

³ Change on previous period as a percentage of previous period's GDP.

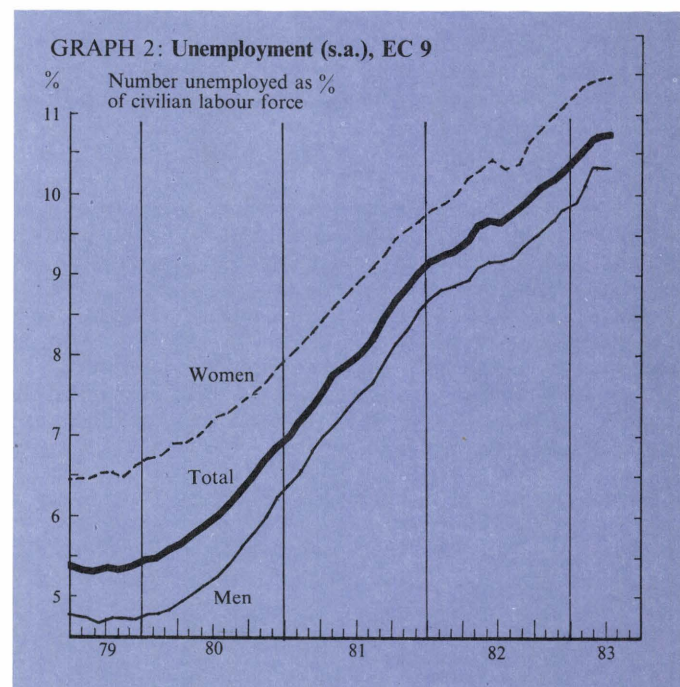
Source: Estimates by the Commission services based on national accounts data for the Federal Republic of Germany (Bundesbank), France (INSEE), Italy (ISCO) and the United Kingdom (CSO). Figures for Germany do not include the adjustment for calendar irregularities.

number of jobless has increased by 14,6%. The increase recorded in May represents the addition to the jobless figures of about 72 000. In most countries the rate was unchanged, but it increased slightly in Ireland, Italy and the Netherlands, falling slightly, on the other hand, in the United Kingdom. Unemployment has expanded by more than 25% since May 1982 in four Member States: the Federal Republic of Germany (+ 30,6%), Luxembourg (+ 28,3%), Ireland (+ 26,9%) and the Netherlands (+ 26,4%). The rate of expansion in the other countries varies from 1,5% in France to 17,8% in Italy.

Retail sales recover. — After declining early in the year, retail sales expanded by 1,9% in February and by 3,3% in March. However, the index is fluctuating too much to indicate a return to the rising trend of the last quarter of 1982: in most of the countries for which data are available there was a considerable increase in March (6,6% in Italy, 6,5% in the Federal Republic of Germany, 4,7% in France), but the figures already available for April (concerning the Federal Republic of Germany, France and Denmark) show a major decline. The only country where retail sales seem to have expanded regularly in the first quarter is the United Kingdom.

Inflation eases further. — The index of consumer prices in the Community rose by 0,7% in May 1983 and there was a further decline in the trend rate, estimated as the seasonally adjusted change over six months at an annual rate. The trend rate of increase in prices fell in most Community countries. The divergence of inflation rates in the Community (measured as the standard deviations of the seasonally adjusted six month trend

rate) rose further in May mainly as a reflection of the high rate of price increase in Greece. For the Community as a whole the annual increase in prices in May was 8,6%, with individual



country rates ranging from 2,5% in the Netherlands to 22,1% in Greece. In Ireland the mid May year to year figure for inflation was down to 9,2% despite a significant contribution from excise duties.

Slow improvement in visible trade balance continues. — Mainly as a result of an upward revision of the estimate of France's visible trade deficit, the Community's March visible trade balance (seasonally adjusted) is now shown to be 1 037 million ECU in deficit as against an initially estimated surplus of 106 million ECU. Preliminary indications suggest that the April balance may be similar to that recorded in March (Table A.5). Nonetheless, the three-month moving average has been tending to show a slow but noticeable reduction in the deficit over the last twelve months or so. Among the Member States, the trend towards a reduced deficit over this period seems to have been most evident in Belgium and Ireland.

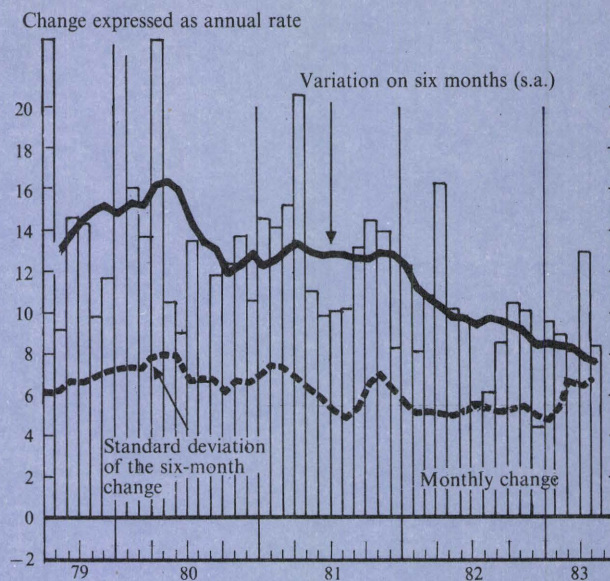
Slight rise in the rate of monetary growth in March. — Average monetary growth in the Community (seasonally adjusted) accelerated slightly in March to 0,8%, compared with 0,5% in February. The rate of monetary growth rose in six Member States, and was particularly high in the Netherlands at 3,9% because of greater lending by banks and capital inflows. The rate of growth declined in Italy to 0,6%, compared with 0,8% in February. In Ireland, the money supply contracted by 1,2% owing to major leads and lags in the settlement of international trade debt. In April, monetary growth remained strong in Denmark, as the gap narrowed between the yield on bank deposits and that on long-term securities; it speeded up in Greece and France, after having been weak for several months. In the Federal Republic of Germany, the expansion of M3 slowed down in April, and the money supply contracted slightly (0,1%) in May; the expansion of sterling M3 slowed down somewhat in May.

Decline in average Community short-term interest rate under way again in June. — After remaining stable at 10,8% in May, the average short-term interest rate in the Community began to move down again to 10,4% by the end of June. The rate declined in Belgium (where the authorities once more lowered the discount rate), Denmark, Greece, Ireland, Italy, the Netherlands and the United Kingdom. However, money market rates did not change in France, and increased slightly in the Federal Republic of Germany. In the United States the rate on three-month Treasury bonds firmed substantially to 9%, and the rate on the Euro-dollar also rose on international markets. Consequently, the disparity between the Community average short-term rate and the three-month US Treasury bond rate narrowed sharply from 2,2 points at the end of May to 1,4 points at the end of June. The average yield on long-term government securities in the Community remained fairly stable in May in spite of a slight increase in Denmark, the Federal Republic of Germany and the Netherlands.

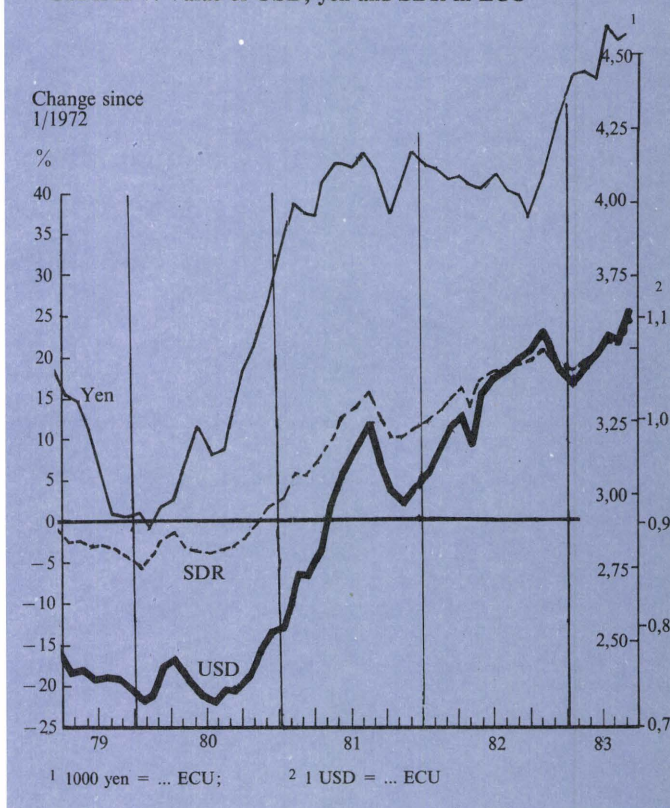
Further rise in dollar. — The average value of the US dollar against the ECU rose by 3% between May and June, the fifth consecutive monthly rise, making a rise of nearly 8% between January and June. The dollar was particularly firm in the first half of June, and then weakened slightly before recovering again at the end of the month. The yen also moved up against the ECU, by 1,6%, between May and June. Sterling's recovery against the ECU from its pre-Easter low continued on a monthly-average basis in June, but faltered noticeably at mid-month. Within the EMS, conditions remained relatively stable, with few movements of relative positions. The DM remained the weakest currency of the system throughout the month. The LIT stood close to 3% above the fluctuation band for most of the month. For a time it replaced the DM as the most divergent currency in the system.

11 July 1983

GRAPH 3: Consumer prices EC 10



GRAPH 4: Value of USD, yen and SDR in ECU



Fiscal policy in the Member States in 1984

(Commission communication to the Council of 11 July 1983
with reference to Article 3 of the decision concerning convergence of 18 February 1974)

Foreword

The Commission is transmitting this communication to the Council in connection with the examination of the economic situation in the Community scheduled for 11 July¹, which involves, *inter alia*, setting quantitative guidelines for public budgets in 1984.

The first chapter of this communication presents the economic outlook for the remainder of 1983 and for 1984, and identifies the main economic policy problems the Community will be facing over the period. The second chapter outlines the budget policy most appropriate in the present situation.

I. The macro-economic situation of the Community and forecasts for 1983-84

Since the last quarter of 1982, there has been a small recovery in output in the Community with GDP growing by 2% at annual rates both in the last quarter of 1982 and the first quarter of 1983. It is however not certain that a durable recovery is under way. A similar rise in GDP in the last two quarters of 1981 heralded only renewed recession in 1982, and some of the reasons for last year's set-back are still valid today.

The international environment over the next two years will be crucial for the recovery in the Community. Whilst the upswing in the USA appears to be confirmed, the burden of external debt in many countries, and falling revenues from oil in the OPEC countries, will limit the growth of world trade, which will be close to zero in 1983, and around 3.5% in 1984. On the other hand it is expected that oil prices will remain stable in nominal terms and the rise in non-oil primary commodity prices will be limited by the slow pace of recovery in demand and the size of free production resources.

Overall it is expected that real GDP in the Community will rise by only 0.5% in 1983 and 1.5% in 1984. In 1984 there is expected to be considerable disparity between Member States, with the Federal Republic of Germany, the United Kingdom and Italy growing by more than 2%, France and the Netherlands by 0.5% or less. Unemployment continues to rise though at a lower rate over the last few months; the unemployment rate reached 10.8% in April and is expected to rise throughout the forecast period to reach 11.5% of the civilian labour force in 1984, about 13 million people. Even if the fall in employment comes to an end as the recovery proceeds, this will be insufficient to turn round the growth of unemployment.

Marked progress has been made in the fight against inflation: over the last six months the consumer price index (seasonally adjusted) rose by only 7.6% (annual rate). Moreover there has been a better convergence of inflation rates at the lower average rate. The rise in consumer prices in the Community is expected to fall to 5.75% on average for 1984, the lowest rate of increase since 1970. Even if inflation differentials remain significant, price rises will moderate in most Member States; this development is due to a substantial reduction in unit labour costs and to a relative stability in import prices.

With the terms of trade moving in the Community's favour in both years and some improvement in the real trade balance from mid-1983 on, the current account deficit will be reduced to approximate balance in 1984.

This forecast has downward risks associated with it. The main concerns are the course of US interest rates and its likely effect on exchange rates, interest rates in Europe and the indebtedness situation of LDCs. A rise in European rates in line with the USA would damage the expected slow recovery in consumption and investment. An increase in the debt-service ratio of LDCs could seriously affect the stability of the international financial system and further weaken Community export markets.

Two major policy issues arise from this outlook:

1. First, it needs to be determined whether the speed of the economic recovery of output is appropriate, i.e. as favourable as can be expected in the circumstances.

This question has in turn two aspects, the relative speed of cyclical recovery as between countries, and the average for the Community as a whole.

There is an undoubted need for growth rates over the next 18 months to be differentiated, to allow certain balance of payments disequilibria to be corrected and further internal budgetary and disinflation adjustments to be pursued.

Moreover, in spite of the constraints on several Member States, where activity cannot be boosted until the measures to put the economy back on a sounder footing have taken effect, it is possible that an average Community growth rate higher than the present forecast may be attainable in 1984. Physical capacity clearly is available, world commodity prices are weak, and there is the urgent need to reverse the rise in unemployment. The issue is whether a development along these lines can be more actively pursued by policy without prejudicing medium-term objectives, i.e. the credibility of stability-oriented monetary policies, reducing the growth of the public debt and restructuring resource allocation between public and private sectors.

2. The overall judgment on policy adjustments has to take into account the second major issue, namely the international monetary context. US interest rates have begun slightly to rise again, whereas for the Community the forecast recovery relies in part on reduction in interest rates both in the rest of the world and in Europe. If a combination of circumstances in the USA (a strong cyclical recovery, an unresolved budget deficit problem and a largely non-accommodating monetary policy) led to a more serious rise in US interest rates, the Council would have to reconsider the position.

The spontaneous tendency might be for a parallel upward movement of European interest rates, accompanied by unchanged objectives for budgetary policy, but this would clearly undermine the forecast recovery. For the time being this is no more than a hypothesis, and it is in particular to be hoped that it could be avoided by rapid action in the USA over its budget deficit. If, however, the unfavourable hypothesis proved to be founded, economic policies in Europe would have to be reconsidered.

II. General budget policy guidelines

The follow-up to the guidelines in the Commission communication of 1 July 1982 on budget discipline and economic convergence shows that while encouraging progress was made in 1983 towards controlling public expenditure the problem of excessive public finance deficits is still acute in most of the member countries particularly because of the disappointing trend in public revenue.

Action and risks for 1984

In view of the prospects described briefly above, the task of budget policy in 1984 cannot be defined in simple terms. Some aspects of it will vary from one country to another, and it will need to be sufficiently flexible to be able to adapt to the eventual trends.

Obviously, to consolidate the progress already made in restoring a balanced development to the economy, efforts to reduce the public finance deficit in the medium term must not be relaxed and a particular aim should now be closer control over expenditure.

In most of the Community countries, but particularly Belgium, Denmark, Greece, Italy and Ireland, the deficit is still very high and may well generate either excessive liquidity or higher interest rates, thus directly or indirectly affecting current balance of payments equilibrium. These pressures are the result of a long period of persistent deficits, and the vigorous policies

¹ Pursuant to Article 3 of Council Decision 74/120/EEC on the attainment of a high degree of convergence of the economic policies of the Member States of the European Economic Community.

required in these countries in 1984 will, therefore in most cases, represent only an initial stage in an effort which will have to be sustained over several years. The external constraints which appeared in France in 1982 demonstrated that the public deficit needed to be strictly held in check. In the Netherlands, expenditure is so dynamic that the public deficit increases considerably each year, suggesting that a recovery of private demand from its present very depressed level would rapidly lead to the emergence of serious imbalances.

On the other hand, the reduction in the non-cyclical part of the public deficit in the Federal Republic of Germany and the United Kingdom—not only desirable, but now actually possible in those countries—should be managed with caution so as to avoid adverse effects on growth.

It is difficult to determine exactly how far the actual deficit is structural, so that its cyclical component could be underestimated; sometimes policies pursued could in effect become more restrictive than was actually intended by the authorities.

Cyclical adaptability

If, over the next few months, the international financial situation and world economic conditions developed less favourably than now forecast, especially if that were in such a way as to force interest rates upwards, and if growth in the Community was consequently slower than predicted, the measures necessary to ensure recovery and to avoid applying a too rigorous monetary policy and too restrictive budget policy would simultaneously have to be taken.

In this case, the built-in stabilizers would at all events have to be allowed free rein except in those countries where the expansion of the public debt has become particularly disquieting. In the Federal Republic of Germany and the United Kingdom, where achievements on the inflation front have been the most remarkable, the reduction in the public deficit should be adapted to economic conditions by reducing the tax burden, while maintaining the medium-term aim of a reduction in the share of public expenditure in national income.

The emphasis on the burden of the public debt

To determine the required extent of budgetary restriction in the countries most seriously affected by fiscal imbalances, the basic criterion should be the expansion of the public debt—particularly the external debt—and of its servicing cost.

The steady rise in the ratio of public debt to national income in many Community countries (Belgium, Denmark, France, Greece, Ireland and Italy) is likely to have an adverse effect on expectations, by pointing to heavier taxation in the future, or a prolonged increase in long-term interest rates.

The burden of debt-interest is now so great that its share in total expenditure is crowding out other items needed both for the development of productive activities in the public and private sectors and to safeguard reasonable levels of social welfare. Such crowding out is especially marked in Belgium, Denmark, Ireland and Italy.

These pressures become even more acute when deficits are partially financed by having recourse to external resources as is the case in Belgium, Denmark, Ireland and, to a lesser extent, France. The resultant servicing costs weigh heavily on the current balance of payments sometimes leading to serious imbalances; furthermore the burden of this debt is increased if exchange rates are adjusted.

The problem can be permanently solved only by a substantial reduction in the deficit, but since a high interest burden on the accumulated debt is unavoidable initially, other items of expenditure must be temporarily sacrificed, and in some cases an increase in taxation is inevitable.

Priority must go to measures affecting public expenditure

As was the case last year, the Commission feels that a stable tax burden has an important role to play in economic recovery and therefore prefers solutions which minimize increases in taxation.

From the same point of view, it is important that the structure of public expenditure be changed so as to give priority to expenditure which contributes to developing production potential and improving productivity. The experience of recent years has shown that the relative share of productive expenditure has in fact actually declined in most Community countries. Successful restructuring depends not only on the provisions made for productive purposes when the budget is drafted, but also on closer and more effective control of other expenditure, particularly those items which are virtually automatic; too often, in order to accommodate overruns on these latter items, appropriations for the most productive projects are treated as optional and are sacrificed.

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On 11 July 1983, the ECO/FIN Council, after debate, approved the following *conclusions*:

The forecasts now available point to a recovery of economic activity in the Community. However, in most of the Member States, the rate of expansion will be low or moderate, and continued recovery at a satisfactory rate in 1984 is not guaranteed, both because of the uncertain international climate and because of languishing domestic demand, especially business investment.

In those countries where the results of policies pursued show sufficient progress towards overall economic balance, some room for manoeuvre exists to assist the recovery. To ensure that such an approach is credible, it should fit in with the medium-term prospects for controlling the public sector deficit and restructuring public finances in favour of productive activities. On the other hand, in most member countries the situation with regard to public finances still requires that priority should be given to a reduction of the budget deficit and of the ratio of public expenditure to national income.

If economic expansion were to be lower than forecast, the built-in stabilizers should, consistent with the needs of anti-inflation policies, be given a free rein except in the countries where the public debt is especially disquieting.

Budgetary policies should continue to concentrate on medium-term improvement, but be applied with sufficient flexibility to deal with unpredictable cyclical hazards, thus contributing to the convergence of economic trends in the Community.

In each Member State and at Community level, monetary policy and budgetary policy should be closely coordinated so that they do not combine to slow down growth—which is still very modest—and aggravate unemployment in the event of a deterioration in the international monetary situation.

TABLE A.1: Industrial production¹ - Percentage change on preceding period (s.a.)

	1978	1979	1980	1981	1982	1982				1983				1983				Change over 12 months % ²
						I	II	III	IV	I	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	
B	2.4	4.3	-1.0	-2.9	0.1	0.1	0.8	-1.5	0.4	1.3	3.1	-3.7	-4.9	6.3	-0.3	-0.3	:	5.8
DK	2.3	3.6	0.2	0.3	2.4	3.4	2.4	-3.1	1.2	1.1	-8.0	9.8	-1.0	-2.2	0.8	1.4	-3.6	-3.3
D	2.0	5.5	-0.8	-1.4	-2.8	0.9	-0.9	-3.7	-1.9	2.0	-1.0	0	-1.0	2.0	0	1.9	-1.0	-1.9
GR	7.5	6.0	0.9	-0.6	-4.2	-1.1	-3.8	-4.4	2.4	2.5	-2.3	2.7	-2.7	5.1	-2.2	-0.2	:	-2.1
F	1.6	4.7	-0.7	-2.3	-1.5	-1.5	0.5	-2.3	0.8	0.5	0.8	0.8	-1.6	1.6	0	-0.8	0.8	-0.7
IRL	7.7	6.9	-1.8	1.4	0.4	0	1.5	-1.1	0.8	4.4	2.9	-1.8	-1.1	7.5	-2.1	-0.4	:	2.6
I	2.1	6.7	5.0	-2.2	-2.6	2.2	-3.1	-4.7	-0.7	0.6	-2.7	3.8	-2.3	0.2	2.2	-1.8	-5.1	-14.2
L	3.2	3.4	-3.3	-6.8	-3.7	0.5	-4.7	-0.1	-4.2	-1.2	6.5	-9.8	-8.9	9.6	1.5	-4.2	9.1	3.8
NL	0.9	2.8	0	-1.8	-2.7	-0.6	-3.0	-3.1	0.3	2.9	1.0	-1.0	2.9	0.9	1.9	-2.8	1.9	-0.9
UK	3.4	3.8	-6.5	-4.0	0.7	-0.7	0.5	0	-0.4	1.1	-0.4	-1.5	2.2	-0.7	1.9	-1.2	0.9	1.0
EC 10	2.5	4.9	-0.9	-2.2	-1.4	0.1	-0.1	-1.8	-1.7	(0.6)	-0.5	-1.1	-0.9	(1.8)	(-0.2)	(-0.6)	(0.1)	(-3.0)
USA	6.1	4.7	-4.5	2.5	-8.5	-3.6	-1.2	-0.3	-2.4	(2.8)	-1.5	-0.8	0.3	1.6	(1.0)	(1.3)	(2.2)	(3.4)
JAP	6.3	8.4	7.1	3.2	1.1	-0.9	-1.8	1.0	-0.9	-0.1	-3.2	2.9	-1.0	-0.3	(-0.7)	(1.1)	(1.6)	(1.8)

TABLE A.2: Unemployment rate - Number of unemployed as percentage of civilian labour force (s.a.)

	1978	1979	1980	1981	1982	1982				1983				1983				Change over 12 months % ²
						I	II	III	IV	I	Nov.	Dec.	Jan.	Feb.	March	April	May	
B	(8.1)	(8.4)	(9.1)	(11.2)	(13.1)	12.7	12.9	13.4	13.8	14.2	13.8	14.0	14.1	14.2	14.2	14.2	14.2	11.3
DK	6.5	5.3	6.1	8.3	8.8	8.9	9.0	8.5	8.9	(9.3)	8.9	8.8	9.1	(9.3)	(9.8)	(9.9)	(9.9)	(13.4)
D	3.8	3.3	3.3	4.7	6.8	6.2	6.8	7.2	7.7	8.4	7.7	7.8	8.2	8.5	8.6	8.5	8.5	30.6
F	5.2	6.0	6.4	7.8	8.8	8.7	8.9	9.0	9.1	9.0	9.1	9.0	9.0	9.0	8.9	8.9	8.9	1.5
IRL	8.4	7.4	8.3	10.2	12.4	11.3	11.9	12.6	13.4	14.2	13.3	13.7	13.9	14.2	14.5	14.6	14.8	26.9
I	7.1	7.5	8.0	8.8	10.5	9.9	10.4	10.6	11.2	11.7	11.3	11.3	11.4	11.7	11.8	12.0	12.1	17.8
L	0.7	0.7	0.7	1.0	1.3	1.2	1.2	1.2	1.4	1.5	1.4	1.5	1.5	1.5	1.4	1.5	1.5	28.3
NL	(5.4)	(5.5)	(6.2)	(8.8)	(11.7)	10.6	11.4	12.1	13.0	13.5	13.0	13.3	13.4	13.5	13.7	13.8	13.9	26.4
UK	5.3	4.9	6.3	9.6	11.2	11.0	11.2	11.2	11.8	12.1	11.7	11.9	12.3	12.1	12.2	12.3	12.1	8.6
EC 9	(5.4)	(5.5)	(6.1)	(7.9)	(9.6)	9.2	9.5	9.7	10.1	10.5	10.1	10.3	10.3	10.5	10.7	10.7	(10.8)	(14.6)
USA	6.0	5.8	7.1	7.6	9.7	8.8	9.4	10.0	10.7	10.4	10.7	10.8	10.4	10.4	10.3	10.2	10.1	-2.4
JAP	2.2	2.1	2.0	2.2	2.4	2.3	2.4	2.4	2.7	2.4	2.4	2.7	2.7	2.7	2.6	2.7	:	18.9

TABLE A.3: Consumer price index - Percentage change on preceding period

	1978	1979	1980	1981	1982	1982				1983				1983				Change over 12 months % ²
						I	II	III	IV	I	Nov.	Dec.	Jan.	Feb.	March	April	May	
B	4.5	4.5	6.6	7.6	8.7	1.9	2.3	2.5	1.9	1.7	0.1	-0.1	1.2	0.6	0.4	0.3	0.5	7.6
DK	10.0	9.6	12.3	11.7	10.1	2.1	2.4	2.6	2.5	0.8	0.8	-0.5	0.8	0.2	-0.2	0.7	1.1	7.7
D	2.7	4.1	5.5	5.9	5.3	1.5	1.4	1.1	0.7	0.5	0.2	0.2	0.2	0.1	-0.1	0.2	0.4	3.0
GR	12.5	19.0	24.9	24.5	21.0	4.2	7.0	1.6	5.6	5.4	2.1	1.5	0.8	1.9	4.8	1.7	1.8	22.1
F	9.1	10.7	13.6	13.4	12.0	2.8	3.1	1.4	1.9	2.6	1.0	0.8	0.9	0.7	0.9	1.3	0.6	8.9
IRL	7.6	13.2	18.2	20.4	17.2	2.3	5.8	2.1	1.6	2.5	(0.5)	(0.8)	(0.8)	(0.8)	(0.9)	(0.9)	(0.9)	9.2
I	12.2	14.8	21.2	19.5	16.4	4.0	3.0	4.1	4.5	3.6	1.4	0.6	1.5	1.3	0.9	1.0	1.0	16.2
L	3.1	4.5	6.3	8.1	9.4	2.7	2.0	2.9	2.5	2.0	0.9	0.3	1.2	0.3	0.2	0.3	0.5	8.6
NL	4.2	4.3	7.0	6.9	5.9	1.1	1.6	0.8	0.9	0	-0.1	-0.2	0	0.2	0.2	0.4	0.2	2.5
UK	8.3	13.4	18.0	11.9	8.6	1.7	3.2	0.5	-0.7	0.5	0.5	-0.2	0.1	0.5	0.2	1.4	0.4	3.7
EC 10 ⁷	7.8	10.4	14.3	12.8	10.9	2.5	2.9	1.8	2.1	2.0	0.8	0.4	0.8	0.7	0.7	1.0	0.7	8.6
USA	7.6	11.3	13.5	10.3	6.2	0.8	1.5	1.9	0.2	-0.1	-0.2	-0.4	0.2	0	0.1	0.7	0.5	3.5
JAP	3.8	3.6	8.0	5.0	2.6	0	1.0	0.4	0.9	-0.4	-1.1	-0.2	0.2	-0.4	0.6	0.4	1.1	2.6

TABLE A.4: Volume of retail sales - Percentage change on preceding period (s.a.)

	1978	1979	1980	1981	1982	1982				1983				1983				Change over 13 months % ²
						I	II	III	IV	I	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	
B	2.3	3.9	1.2	-3.3	-1.3	-0.7	-1.4	0.3	0.9	4.2	-0.7	1.6	6.0	-7.9	-0.5	-0.3	:	-7.2
DK	-2.4	2.2	-1.5	-0.6	1.5	1.9	2.0	-2.1	-0.2	2.6	-2.3	2.2	-0.9	-0.4	0.5	7.4	-11.1	-6.6
D	2.8	2.6	0.3	2.6	-4.5	-2.3	-2.4	-0.9	-0.2	1.8	-1.6	3.6	-1.4	-1.9	2.0	6.5	-6.9	-4.7
GR	4.9	-2.1	-3.5	-3.3	-3.6	15.2	-1.2	3.7	8.9	:	3.9	2.9	-4.1	-0.2	-6.8	:	:	-4.7
F	2.0	2.3	-0.4	0.7	1.8	0.6	-0.2	-1.7	2.7	-0.1	4.2	-1.0	2.5	-3.7	1.3	4.7	-8.7	-3.5
IRL	8.7	3.3	-0.7	-0.7	-5.4	0	-2.6	-2.1	3.1	:	-0.7	-0.4	2.8	-3.7	:	:	:	-0.7
I	2.6	7.3	2.7	2.2	4.6	1.5	3.0	-2.5	1.9	-1.3	3.9	2.2	2.5	-6.0	0.4	6.6	:	4.1
NL	4.7	-0.3	-4.1	-4.8	-3.1	-0.1	0.7	0.7	0.3	:	-1.5	-0.3	4.6	:	:	:	:	4.2
UK	5.5	4.3	0	1.1	2.6	1.1	0.2	2.0	1.4	0.5	0	0.7	1.9	-1.8	0.9	0.7	0.9	5.2
EC 9 ⁶	3.2	3.4	0.2	-0.4	0.2	0	-0.1	-0.7	(1.3)	:	1.0	1.4	1.5	(-3.3)	(1.9)	(3.3)	:	(3.6)
USA	3.1	-0.1	-6.2	1.1	-3.0	-0.7	1.4	-1.8	2.4	:	0.8	2.7	-0.7	-0.8	-0.4	:	:	0.6
JAP	4.4	5.5	-0.2	-2.8	-4.0	-1.1	-1.7	-1.2	0.8	-1.2	0.6	0.3	0.4	-0.1	-2.1	-0.2	:	-4.2

TABLE A.5: Visible trade balance - fob/cif, million ECU (s.a.)

	1978	1979	1980	1981	1982	1982				1983				1983				Change over 12 months % ²
						I	II	III	IV	I	Nov.	Dec.	Jan.	Feb.	March	April	May	
B/L	-2890	-2064	-4993	-5418	-3082	-1446	-1388	-343	-133	170	-373	-83	553	-231	-152	19	:	616
DK	-2198	-3022	-2116	-1475	-1866	-420	-413	-445	-571	-174	-151	-269	6	0	-179	-40	:	131
D	15967	8939	3615	11239	21599	5168	5542	5872	5718	5945	1978	2481	1971	1905	2069	1197	:	-65
GR	-3340	-4162	-3853	-3951	-5826	-2000	-1295	1163	-1457	-1270	-532	-587	-463	-386	-422	:	:	259
F	-4081	-6194	-16948	-17283	-24457	-4771	-6043	-6243	-6850	-6095	-2155	-2924	-2019	-2005	-2072	-1198	:	1056
IRL	-1137	1947	-1893	-2467	-1574	-627	-353	-332	-300	-298	-120	-115	-97	-82	-119	-9	:	216
I	-319	-3893	-15307	-13554	-12513	-3724	-2909	-2968	-2502	-2651	-702	-775	-1697	-675	-280	:	:	336
NL	-2198	-2622	-2981	1320	3500	1823	1039	523	548	944	-28	312	119	301	524	:	:	241
UK	-5588	-7998	-3353	-446	-3295	-1290	-1943	-810	118	-2182	100	336	-1187	-692	-303	-971	:	-511
EC 10 ⁷	-5782	-22962	-47829	-32034	-27515	-7656	-8531	-6015	-6077	(-5396)	-2149	-1869	-2632	-1727	(-1037)	:	:	784
USA	-31014	-27146	-26113	-35538	-43518	-8825	-7076	-14131	-13727	-11374	-4243	-3829	-3711	-3793	-3870	-4974	-7515	-4470
JAP	14285	-5574	-7707	7832	7034	1968	2519	2061	1097	4385	233	387	1213	1674	1498	:	:	1263

Source: For the Community countries: Eurostat, unless otherwise stated; for the United States and Japan: national sources.

¹ National sources, except in the cases of the Community, Denmark, Ireland, Belgium and Luxembourg

TABLE A.6: Money stock⁸ - Percentage change on preceding period (s.a.)

		Change over 12 months % ²																	
		1982					1983		1982			1983					Change over 12 months % ²		
		1978	1979	1980	1981	1982	I	II	III	IV	I	Nov.	Dec.	Jan.	Febr.	March		April	May
B	(M2)	9,6	6,2	2,7	5,9	5,9	0,8	2,0	3,1	-0,1	·	·	·	·	·	·	·	·	5,9
DK	(M2)	8,6	10,6	7,8	9,0	11,5	3,1	2,7	2,5	2,7	6,0	0,3	2,2	1,9	1,8	2,2	1,7	·	15,8
D	(M3)	11,0	6,0	6,2	4,8	7,1	3,0	2,3	1,3	0,4	3,3	-0,4	0,6	2,1	0,6	0,7	0,5	-0,1	6,6
GR	(M3)	26,0	18,4	24,7	34,7	29,0	5,6	9,7	5,0	6,4	(2,0)	2,1	2,8	(1,0)	(0,2)	(0,8)	(1,4)	·	(23,8)
F	(M2)	12,4	14,7	10,0	11,5	11,7	3,7	3,7	2,4	1,4	(2,6)	-0,5	-0,1	2,1	0	0,4	(0,7)	·	(10,0)
IRL	(M3)	28,7	19,0	17,9	17,6	12,9	3,1	2,1	4,7	2,4	-0,9	3,2	-1,3	-0,3	0,6	-1,2	0	·	·
I	(M2)	22,1	20,3	12,7	10,0	17,0	1,5	3,2	4,3	6,5	2,2	2,1	3,3	0,8	0,8	0,6	·	·	16,7
NL	(M2)	4,2	7,0	3,8	5,3	8,8	4,8	1,7	1,6	-0,1	5,5	-0,5	-0,8	1,5	0	3,9	·	·	9,5
UK	(£M3)	13,3	11,7	19,6	13,9	10,3	2,7	2,5	2,4	2,1	2,4	0,4	0,5	0,8	0,6	1,0	1,8	0,8	10,9
EC 10⁹		13,5	11,9	10,9	9,7	10,9	2,9	2,9	2,5	2,1	2,8	0,2	0,8	(1,5)	(0,5)	(0,8)	·	·	(10,6)
USA	(M2)	8,3	8,8	9,6	10,0	9,1	1,9	2,0	2,8	2,2	5,4	0,8	0,7	2,5	2,0	0,9	·	·	13,0
JAP	(M2)	13,1	9,1	7,2	11,0	8,0	2,0	1,7	2,6	1,4	1,5	-0,4	1,0	0,2	0,7	0,6	·	·	7,6

TABLE A.7: Short-term interest rates¹⁰

	1978	1979	1980	1981	1982	1982			1983		1982	1983						Change over 12 months % ²	
						I	II	III	IV	I	Dec.	Jan.	Febr.	March	April	May	June		
B	7,3	10,9	14,2	15,6	14,1	15,8	13,0	12,4	12,3	9,5	12,4	12,3	12,3	12,3	10,5	10,0	9,5	-6,3	
DK	15,4	12,5	16,9	14,9	16,4	16,8	20,2	17,5	18,2	5,4	17,5	18,4	16,3	18,2	15,1	8,4	5,4	-11,4	
D	3,7	6,9	9,5	12,3	8,8	9,5	8,0	6,4	5,3	5,6	6,4	6,0	5,5,7	5,3	5,3	5,5	5,6	-3,9	
GR	:	:	11,0	16,8	20,2	22,9	23,0	15,8	19,6	14,0	15,8	15,3	19,3	19,6	22,4	22,3	14,0	-8,9	
F	7,8	9,8	12,3	15,6	14,6	15,1	13,9	12,7	12,3	12,6	12,7	12,7	12,9	12,3	12,4	12,6	12,6	-2,5	
IRL	9,9	16,0	16,2	16,6	17,5	19,9	15,4	15,5	17,3	13,8	15,5	16,4	14,2	17,3	15,1	14,7	13,8	-6,1	
I	11,5	12,0	17,6	20,0	20,1	20,5	18,6	19,1	19,4	17,8	19,1	19,0	19,3	19,4	17,9	17,9	17,8	-2,7	
NL	7,0	9,6	10,6	11,8	8,3	9,1	7,9	5,3	4,3	5,6	5,3	5,1	4,6	4,3	6,0	6,2	5,6	-3,5	
UK	9,4	13,9	16,8	14,2	12,2	13,1	10,6	10,6	10,9	9,8	10,6	11,6	11,4	10,9	10,2	10,3	9,8	-3,3	
EC 10 ⁹	7,7	10,3	13,4	15,0	13,2	14,0	12,4	11,4	11,1	10,4	11,4	11,5	11,4	11,1	10,8	10,8	10,4	-3,6	
USA	7,4	10,1	11,6	14,0	10,6	13,3	7,8	8,1	8,6	9,0	8,1	8,1	7,9	8,6	8,1	8,6	9,0	-4,3	
JAP	4,4	5,9	10,9	7,4	6,9	7,2	7,0	6,9	6,7	:	6,9	6,6	6,6	6,7	6,3	:	:	-0,3	

TABLE A.8: Long-term interest rates¹¹

	1978	1979	1980	1981	1982	1982				1983	1982		1983					Change over 12 months % ²
						I	II	III	IV	I	Nov.	Dec.	Jan.	Febr.	March	April	May	
B	8,5	9,7	12,2	13,8	13,5	13,9	13,6	13,2	12,7	12,5	12,9	12,7	12,5	12,6	12,5	11,6	11,6	-1,9
DK	16,8	16,7	18,7	19,3	20,5	20,6	21,2	21,2	19,4	14,7	19,6	19,4	18,0	15,6	14,7	13,5	13,7	-7,6
D	5,7	7,4	8,5	10,4	9,0	9,5	9,1	8,7	7,9	7,4	8,1	7,9	7,6	7,6	7,4	7,4	7,6	-1,2
GR	10,0	11,2	17,1	17,7	15,4	16,4	15,8	14,9	13,8	17,9	12,4	13,8	14,8	17,8	17,9	18,2	18,1	2,6
F	10,6	10,9	13,7	16,3	16,0	16,4	16,0	15,8	15,5	14,7	15,8	15,4	15,0	14,9	14,7	14,6	14,6	-1,5
IRL	12,8	15,1	15,4	17,2	17,0	18,8	18,6	15,2	14,5	14,0	15,5	14,5	14,9	14,3	14,0	13,6	13,5	-4,8
I	13,7	14,1	16,1	20,6	20,9	20,9	21,2	20,4	20,5	18,2	20,7	20,5	19,9	19,2	18,2	17,9	17,8	-3,4
L	6,6	6,8	7,4	8,6	10,4	10,0	10,7	10,5	10,9	10,4	10,8	10,9	10,7	10,4	10,4	10,4	10,2	-0,5
NL	8,1	9,2	10,7	12,2	10,5	10,8	10,9	10,4	8,4	8,0	8,9	8,4	7,8	8,1	8,0	8,7	9,2	-1,2
UK	12,6	13,0	13,9	14,8	12,7	13,6	13,6	11,1	11,0	10,8	11,4	11,0	12,0	11,2	10,8	10,6	10,4	-3,2
EC 10 ⁹	10,1	10,9	12,7	14,9	14,0	14,4	14,3	13,4	12,9	12,1	13,2	12,9	12,8	12,5	12,1	12,0	12,1	-2,2
USA	7,9	8,7	10,8	12,9	12,2	13,0	13,2	11,5	10,3	10,3	10,2	10,3	10,4	10,6	10,3	10,4	10,2	-2,5
JAP	6,1	7,7	9,2	8,7	8,1	7,6	8,5	8,4	7,5	7,6	8,1	7,5	7,8	7,5	7,6	7,5	·	-0,1

TABLE A.9: Value of ECU — ... 1 ECU = units of national currency or SDR

	1978	1979	1980	1981	1982	1982			1983		1982	1983					Change over 12 months % ²	
						II	III	IV	I	II	Dec.	Jan.	Febr.	March	April	May	June	
BFR/LFR	40,06	40,17	40,60	41,29	44,68	45,11	45,19	45,45	44,87	45,22	45,31	45,05	45,03	44,52	44,96	45,27	45,43	0,7
DKR	7,02	7,21	7,83	7,92	8,15	8,13	8,22	8,21	8,09	8,08	8,14	8,09	8,10	8,09	8,02	8,09	8,14	-0,2
DM	2,56	2,51	2,53	2,51	2,38	2,38	2,36	2,33	2,28	2,27	2,31	2,30	2,29	2,26	2,26	2,27	2,27	-4,2
DR	46,80	50,78	59,24	61,62	65,30	64,82	66,70	67,01	78,32	76,67	67,56	77,56	78,84	78,57	77,61	77,10	75,30	14,1
FF	5,74	5,83	5,87	6,04	6,43	6,30	6,60	6,60	6,53	6,81	6,54	6,51	6,50	6,58	6,77	6,82	6,84	6,5
IRL	0,664	0,669	0,676	0,691	0,690	0,690	0,687	0,691	0,692	0,718	0,693	0,691	0,690	0,695	0,715	0,718	0,720	4,7
LIT	1 080	1 138	1 189	1 263	1 324	1 323	1 325	1 339	1 326	1 347	1 334	1 321	1 320	1 339	1 344	1 349	1 348	1,6
HFL	2,75	2,75	2,76	2,78	2,62	2,64	2,59	2,55	2,52	2,55	2,55	2,53	2,53	2,52	2,54	2,55	2,55	-2,9
UKL	0,664	0,646	0,598	0,553	0,561	1,563	0,551	0,556	0,619	0,586	0,590	0,610	0,616	0,630	0,600	0,583	0,576	3,5
USD	1,274	1,371	1,391	1,116	0,981	1,002	0,951	0,934	0,948	0,912	0,955	0,962	0,944	0,938	0,925	0,919	0,892	-8,8
YEN	267,1	300,5	315,0	245,4	243,5	244,4	245,9	241,7	223,2	216,6	230,9	223,9	222,9	223,1	219,8	216,0	214,1	-12,8
SDR	1,018	1,061	1,068	0,946	0,888	0,885	0,875	0,866	0,868	0,846	0,873	0,874	0,866	0,864	0,855	0,848	0,835	-5,7

TABLE A.10: Effective exchange rates: export aspect¹² - Percentage change on preceding period

	1982																1983		1982						1983						Change over 12 months % ²
	1978	1979	1980	1981	1982	1982			1983		Dec.	1983					June														
						II	III	IV	I	II		Jan.	Febr.	March	April	May															
B/L	2,9	1,2	-0,5	-5,3	-9,2	-5,3	-0,4	-0,3	1,2	-1,0	0,5	0,5	-0,2	1,4	-1,1	-0,9	-0,7	-1,2													
DK	-0,1	-0,8	-7,9	-6,8	-4,2	-1,4	-1,9	2,0	2,2	-1,2	1,7	0,8	-0,4	0,3	0,0	-1,4	-1,3	0,4													
D	6,0	4,8	0,4	-5,2	5,1	2,3	0,7	1,8	2,6	0,2	2,2	0,5	-0,1	2,0	-0,2	-0,8	-1,0	4,2													
GR	-8,7	-5,4	-13,5	-9,4	-7,2	-3,4	-3,4	-0,3	-15,3	2,3	-0,7	-15,0	0,1	0,6	1,0	0,4	1,8	-13,3													
F	-1,0	0,9	0,4	-8,6	-8,1	-1,4	-5,8	0,5	1,5	-5,3	1,8	0,5	-0,1	1,0	-3,6	-1,2	-0,9	-7,6													
IRL	0,7	0,2	-2,0	-8,3	-1,3	0	-0,7	0,3	2,2	-5,4	1,0	1,4	0	-0,1	-4,1	-1,3	-1,2	-4,5													
I	-6,1	-3,2	-3,7	-12,2	-6,8	-1,3	-0,8	-0,9	1,2	-2,5	1,7	1,0	-0,2	-1,2	-0,9	-0,8	-0,6	-3,1													
NL	2,8	1,8	0,1	-5,0	5,5	1,1	1,5	2,2	1,4	-1,6	0,8	0,8	-0,2	0,6	-1,4	-0,5	-0,4	2,5													
UK	0,4	6,2	10,1	1,1	-5,0	-0,6	1,5	-2,4	-9,2	4,9	-4,4	-4,0	-1,4	-2,0	4,7	2,8	0,5	-5,4													
ECU	2,9	5,9	2,2	-14,9	-5,5	-0,9	-2,0	0,9	-0,7	-2,3	-1,3	-0,7	-0,9	0,4	-1,2	-0,8	-1,6	-4,5													
USA	-8,7	-3,3	-0,3	14,0	12,0	3,8	4,9	1,9	-1,9	2,8	-3,5	-1,2	1,5	1,2	0,8	0	2,2	6,5													
JAP	21,7	-7,1	-4,1	14,0	-4,3	-2,4	-2,9	1,6	9,7	1,3	7,4	3,8	-0,4	0,2	0,8	1,2	-0,7	11,1													

Major economic policy measures — June 1983

Community (EC)

17-19.6 The European Council, meeting at Stuttgart, considered that the prospects for sustained and non-inflationary economic recovery should be reinforced by developing and defining more precisely the action initiated Community-wide, and thus providing the Community's contribution to the implementation of guidelines adopted by the OECD Council of Ministers. In this context the need to sustain the effort to promote the level of employment and productive investment was emphasized.

The European Council also expressed its profound anxiety in the face of a situation where more than 4.5 million young people in the Community are without jobs, including more than one and a half million who have been unemployed for more than a year. It took note of the importance of the Member States embarking upon sustained action in this area forthwith.

Belgium (B)

26.5 The *Institut Belgo-Luxembourgeois de Change* (IBLC) authorized banks to sell on the official market foreign currency purchased on the free market.

10.6 The government approved a draft law extending for 1983 and 1984 the special social security contribution payable by persons whose aggregate taxable income exceeds BFR 3 million. The proceeds of this special solidarity contribution are to be used for unemployment insurance.

22.6 The government took measures to boost activity in the building industry: the reduced 6% rate of VAT will remain applicable until the end of 1985; a supplementary flat-rate allowance of BFR 200 000 for each new dwelling built or purchased may be set against mortgage interest repayments from 1 July 1983 to 31 December 1985 (without restriction); CGER lending for subsidized housing is increased from BFR 3 000 million to BFR 4 000 million.

23.6 The *Banque Nationale* reduced its discount rate from 9,50% to 9%, and its rate on advances from 10,50% to 10%. It reduced interest rates on very short-term Treasury certificates from 10,0% to 9,50% in two stages.

Denmark (DK)

8.6 Nationalbanken and private banks have agreed to lower the ceiling on the annual rise in bank lending from the present 10% to 9% at the end of September and 8% at the end of December this year.

22.6 Nationalbanken has reduced the ceilings on credit accorded to commercial banks from 15% to 10% of their net capital as from the third quarter 1983. Interest for each of the three tranches below the ceiling varies from the ordinary lending rate to a rate corresponding to the average bond yield.

Federal Republic of Germany (D)

None.

Greece (GR)

27.5 The following measures to promote building activity were announced:

1. An increase in building loans for Greeks from abroad up to a maximum of 100% of the amount of imported foreign currency;
2. an increase of DR 1 000 million in appropriations for agricultural dwellings and an increase of 20% in those for workers' dwellings;
3. a special programme of semi-completed dwellings: amount involved: DR 2 000 million;
4. a special programme to finance working premises, and professional facilities and equipment for young university graduates settling in the provinces;
5. an increase of 30% in financing for the upkeep of older buildings;
6. a grant of DR 1 000 million for the upkeep of historic buildings in Athens and Piraeus;
7. simplification of the procedures for granting building loans;
8. partial exemption from transfer tax for young couples buying their first home;
9. simplification of the building permission procedure and improvements to the laws on city planning and building programmes.

5.6 The medium-term plan (1983-87) was presented to Parliament; it is intended to reduce unemployment, exploit human resources, promote research and technology, modernize and decentralize government departments, strengthen local government and improve the use of the credit system. GDP should rise on average by 3,5% to 4% in real terms, investment by at least 8,5%, productivity by 2,9% and employment by 1,1%. The conditions for the plan's success are: a reduction in the public sector borrowing requirement to 15% of GDP in 1984 (compared with 17% in 1981), money supply growth no more than two points higher than nominal GDP growth, an annual increase of 15% in bank deposits, public investment corresponding to 25% of total investment, and the maintenance of foreign borrowing equivalent to about 6% of GDP. The present system of wage indexation will be kept, social transfer payments will be increased (in particular under health schemes, pension schemes and training), and further measures will be taken to improve social justice.

6.6 The Minister for the Economy announced the following measures:

1. A special programme involving DR 10 000 million is to be applied immediately to employ 25 000 jobless. It affects large towns, including Athens and Thessaloniki. It will involve projects to improve the quality of life, carried out in collaboration with local authorities.
2. Greeks resident in Greece are to be authorized to hold foreign currency deposit accounts, which will be protected by professional secrecy; no explanation of the origin of the foreign currency will be required.

France (F)

6.6 The Ministry of Social Affairs announced measures to achieve savings of FF 4 000 million on health care. Among them are the postponement of the planned increase in the rate of reimbursement for expenditure on dentofacial orthopaedics and spectacles, a three-month postponement (from 1 July to 1 October) in the increase in prices of pharmaceuticals and the renewal of the agreement under which dispensing chemists pay a 4% rebate to social security funds. These measures complement the measures taken under the second austerity plan (25 March) to eliminate the social security deficit.

22.6 The main lines of budget expenditure in 1984 were adopted by the government; they involve an increase in expenditure of 7% (compared with 27,7% in 1982 and 11,8% in 1983). The different ministries will have to manage on an increase of 5,8% in operating appropriations, and a very slight or zero increase in equipment appropriations. However, the restrictions will not apply to investment in industry, research, training and culture.

29.6 To balance the financial position of the unemployment insurance scheme, the government decided to increase the rate of contributions from 4,8% to 5,8%, from 1 July. The increase of 1 point will be borne as to 0,4 points by employees.

30.6 The minimum wage (*salaire minimum interprofessionnel de croissance*: SMIC) rises on 1 July from FF 21,65 to FF 21,89 (an increase of 1,1%) bringing the minimum gross monthly wage to FF 3 794,19. The salaries of civilian and military central government employees are to be increased by 2% on 1 July. This brings the minimum gross monthly earnings of central government staff in the Paris area to FF 4 340. Salaries above the ceiling of FF 250 000 per annum in 1982 will not be eligible for the increase.

Ireland (IRL)

None.

Italy (I)

None.

Luxembourg (L)

None.

Netherlands (NL)

None.

United Kingdom (UK)

None.

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